

## Message Text

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ORIGIN EA-13

INFO OCT-01 SS-14 ISO-00 AID-10 EUR-10 NSC-07 NSCE-00

CIAE-00 INR-10 NSAE-00 RSC-01 L-02 PM-03 DPW-01

DODE-00 SP-02 OMB-01 TRSE-00 NEA-06 PRS-01 /082 R

DRAFTED BY EA/VN:LPETERS:BK

APPROVED BY EA:MSTEARNES

EA/VN:RHWENZEL

AID/AA/SA:GAZIMMERLY (SUBSTANCE)

EUR/EE:WSHEPARD

----- 011070

R 032305Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO AMEMBASSY BUDAPEST

AMEMBASSY JAKARTA

AMEMBASSY TEHRAN

AMEMBASSY WARSAW

USDEL JEC PARIS

C O N F I D E N T I A L STATE 144436

LIMDIS

E.O. 11652:GDS

TAGS:MARR, AFIN, VS

SUBJECT: ICCS FINANCES: REIMBURSEMENT TO DELEGATIONS

REF: SAIGON 8463

1. AT THE PRESENT TIME WE ARE UNABLE TO FORECAST WHEN CONGRESS WILL ACT ON DEPARTMENT'S FY-75 REQUEST FOR ICCS FUNDS. NEVERTHELESS, IN INTERIM PERIOD PRIOR TO RECEIPT OF THIS APPROPRIATION, WE PLAN TO MAKE ADDITIONAL CONTRIBUTIONS TO ICCS UNDER AID'S CONTINUING RESOLUTION AUTHORITY (WITH SUCH ADVANCES TO BE REIMBURSED TO AID WHEN OUR APPROPRIATION IS OBTAINED). AS IN THE CASE OF FY-74 EMERGENCY  
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PAYMENTS, ALL FY-75 CONTRIBUTIONS WILL BE LIMITED TO THE

PAYMENT OF U. S. CONTRACTOR EXPENSES. WE EXPECT TO MAKE FIRST SUCH FY-75 CONTRIBUTION IN LATE JULY WHICH TOGETHER WITH THE 4 MILLION DOLLARS DISBURSED OVER THE PAST SIX WEEKS SHOULD FORESTALL A FISCAL CRUNCH THIS MONTH.

2. WE RECOGNIZE THE DELEGATIONS GROWING UNEASINESS OVER THEIR UNREIMBURSED EXPENSES AND THE HUNGARIANS' FACILE ARGUMENT THAT THIS IS NOT THE DELEGATION GOVERNMENTS' PROBLEM TO SOLVE. HOWEVER, WE BELIEVE THE ONLY BASIS FOR INCREASED U. S. PAYMENTS THAT THE CONGRESS WILL FIND ACCEPTABLE--AS INDICATED DURING OUR CONSULTATIONS ON THE HILL--IS ONE WHICH LIMITS U. S. CONTRIBUTIONS TO CONTRACTOR PAYMENTS.

3. WE MUST CONTINUE TO PRESS THE DRV AND PRG TO CONTRIBUTE THEIR SHARES TO ALLEVIATE THIS PROBLEM. PRESSURE IN BUDAPEST OR WARSAW WILL PROBABLY NOT PRODUCE RESULTS, BUT WE BELIEVE IT IS DESIRABLE TO KEEP THE PROBLEM BEFORE THE GOH AND THE GOP (E.G. IN TERMS OF OUR BUILDING A RECORD FOR POSSIBLE CONGRESSIONAL OR PUBLIC USE), EVEN AT THE RISK, AS YOU SUGGEST, OF REINFORCING TENDENCIES TOWARD EXTRICATION.

4. AN INITIAL GVN CONTRIBUTION TO THE ICCS' 1974-75 BUDGET IN JULY OR AUGUST WOULD BE MOST HELPFUL IN RELIEVING SOME OF THE DELEGATION PRESSURES FOR REIMBURSEMENT. REQUEST YOU EXPLORE WITH THE GVN THE POSSIBILITY OF AN EARLY GVN CONTRIBUTION WITH THIS PURPOSE IN MIND.

5. AS TO THE SUGGESTION THAT EXISTING USG CONTRACTS WITH ICCS CONTRACTING FIRMS SUBSUME COSTS FOR THE ICCS, WE BELIEVE THE COURSE WITH THE BEST CHANCE FOR LONG-TERM SUCCESS IS THE ONE WE ARE TAKING--SEEKING AN APPROPRIATION FROM THE CONGRESS. TO HAVE THE COSTS SUBSUMED AS SUGGESTED WOULD REPRESENT ONLY A TEMPORARY SOLUTION AND ONE WHICH COULD WELL STIMULATE CONGRESSIONAL OPPOSITION TO ANY FURTHER U. S. OVERPAYMENTS TO THE ICCS. SISCO

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## Message Attributes

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**Channel Indicators:** n/a  
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